GOVERNMENT OF INDIA
COAL
LOK SABHA

UNSTARRED QUESTION NO:4674
ANSWERED ON:30.03.2017
Coal Linkages to Private Companies
Sampath Shri Anirudhan

Will the Minister of COAL be pleased to state:

(a) whether the Government is planning to provide coal linkages to private companies for new and upcoming power projects;
(b) if so, the details thereof; and
(c) the price at which the Government proposes to sell coal to these companies and the period stipulated for the sale of coal at this price, company-wise?

Answer

MINISTER OF STATE (I/C) IN THE MINISTRY OF COAL, POWER, NEW AND RENEWABLE ENERGY AND MINES
(SHRI PIYUSH GOYAL)
(a) & (b): As per New Coal Distribution Policy (NCDP), 2007, Standing Linkage Committee (Long-Term) [SLC (LT)] is authorized to recommend the Letters of Assurance (LOAs) for supply of coal. Based on the SLC (LT)'s recommendation, so far 177 LOAs have been issued to various power plants including Central/State Government Sector as well as IPPs (Independent Power Producers i.e. private companies) covering capacity of approximately 1,08,000 MW. Out of this capacity, competent authority in 2013 had approved signing of Fuel Supply Agreements in respect of 78,000 MW capacity which have been commissioned or were likely to be commissioned by 31.03.2015. A Presidential Directive to this effect was issued to Coal India Limited (CIL) on 17.07.2013. As the CIL had then reported negative coal balance, no new regular linkage has been granted after 2010.
Sufficient coal is now available and there is no scarcity. Based on actual drawal of coal, adequate coal has been available from 2015-16 onwards as per demand of the power sector. On the basis of PPA based capacities, the coal balance is likely to turn positive in 2017-18. Keeping this in view, a policy for allocation of coal linkage to power sector is under formulation.
(c): The coal linkages/LOAs issued to the Power Producers are converted into Long Term Fuel Supply Agreements after achievement of prescribed milestones. The consumers under the FSA are supplied coal at the price notified by CIL from time to time. This applies to the regulated sectors (like Power Utilities including IPPs, Fertilizers, and Defence). For non-regulated sectors (like sponge iron, cement, steel, Captive Power Plants and other industries), CIL charges a price which is about 20 % higher than the notified price of power sector.
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